

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

| | |
|---|---|
| In the Matter of |) |
| |) |
| 1999 Annual Access Tariff Filing |) |
| |) |
| Ameritech Petition for Expedited Waiver |) |
| Concerning Treatment of Inter-Carrier |) |
| Compensation Payments for Interstate |) |
| ISP-Bound Traffic |) |

PETITION OF AMERITECH FOR EXPEDITED INTERIM WAIVER

Pursuant to §1.3 of the Commission's rules, Ameritech¹ hereby respectfully requests an interim waiver of relevant portions of Parts 61 and 69 of the Commission's rules and its orders dealing with the recovery of interstate costs so that it may allocate the costs associated with inter-carrier compensation payments for interstate Internet service provider ("ISP")-bound calls to interstate price cap baskets and bands in the same manner as are the costs associated with Ameritech's federal universal service fund ("USF") contributions.

The Commission noted in its Reciprocal Compensation Order that its rules do not deal with inter-carrier compensation for ISP-bound traffic.² The waiver requested by Ameritech in this petition would last until such time as the Commission established applicable rules pursuant

¹ Ameritech means: Ameritech Illinois, Ameritech Indiana, Ameritech Michigan, Ameritech Ohio, and Ameritech Wisconsin.

² *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and Inter-Carrier Compensation for ISP-Bound Traffic*, CC Docket Nos. 96-98, 99-68, Declaratory Ruling in CC Docket No. 96-98 and Notice of Proposed Rulemaking in CC Docket No. 99-68, FCC 99-38 (released February 26, 1999) ("Reciprocal Compensation Order") at ¶9.

to the notice of proposed rulemaking ("NPRM") included in that order.³ Ameritech further requests that the Commission act on this petition expeditiously so that it may make the appropriate changes in its 1999 annual access tariff filing.

Since 1983, enhanced service providers (including ISPs) have been exempt from the payment of access charges. Such providers can procure their connections to LEC end offices under intrastate end-user tariffs, and, for those LECs subject to jurisdictional separations, both the cost and the revenues associated with such connections have typically been accounted for as intrastate.⁴ Ameritech wants to make it clear that, in this petition, Ameritech is not seeking any change to either the Enhanced Service Provider access charge exemption or to the accounting treatment of the costs associated with those connections. Rather, this petition deals only with inter-carrier compensation for ISP-bound traffic, which, as noted above, is not currently covered by any Commission rule. Further, Ameritech is aware that the NPRM deals with future treatment of those inter-carrier compensation payments, including the jurisdictional treatment of costs and revenues.⁵ Rather, this petition merely seeks interim authority -- until such time as the Commission issues applicable rules -- to recover interstate costs that Ameritech incurs as the result of payments to other carriers for ISP-bound traffic.

³ The NPRM is contained at ¶¶28-36 of the Reciprocal Compensation Order.

⁴ Reciprocal Compensation Order at ¶23.

⁵ *Id.* at ¶36

I. BACKGROUND

Section 251(b)(5) of the Telecommunications Act of 1996 (“1996 Act”) requires all local exchange carriers (“LECs”) “to establish reciprocal compensation arrangements for the transport and termination of telecommunications.” In its Local Competition Order,⁶ the Commission interpreted this provision as applying only to “local telecommunications traffic.” Subsequent to that order, the Commission received a number of requests to clarify whether ISP-bound traffic is “local” and, therefore, subject to §251(b)(5) requirements. In general, competitive LECs (“CLECs”) took the position that the traffic is local -- essentially that the telecommunications terminate upon delivery to the ISP. Incumbent LECs (“ILECs”) argued that the traffic is interstate considering the nature of the end-to-end transmission between an end user and the Internet and is, therefore, beyond the scope of the requirements of §251(b)(5).

The Commission recently resolved this question. In the Reciprocal Compensation Order, the Commission agreed that Internet-bound traffic is interstate in light of the end-to-end nature of the communications between the end user and the Internet.⁷ Thus, compensation for such traffic is beyond the scope of the requirements of §251(b)(5).⁸ However, the Commission did not overturn state commission rulings -- contrary to its finding that ISP-bound traffic is primarily

⁶ *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, First Report and Order, FCC 96-325, 11 FCC Rcd. 15499 (released August 8, 1996) (“Local Competition Order”) at ¶9.

⁷ Reciprocal Compensation Order at ¶18.

⁸ *Id.* at ¶26, n.87.

interstate -- that compensation should be paid on this traffic. Specifically, and again contrary to that finding, the Communications Act and the Commission's own local competition rules, the Commission held that states may reasonably find such compensation to be appropriate.⁹

II. IT IS APPROPRIATE TO TREAT THE COST OF INTERSTATE INTER-CARRIER COMPENSATION PAYMENTS THE SAME AS THE COST OF FEDERAL USF CONTRIBUTIONS.

Because the Commission found that ISP-bound traffic is largely interstate, compensation payments for such interstate traffic must be treated as jurisdictionally interstate as well. Because the Commission's order did not overturn state commission rulings that require payments for this traffic -- despite the fact that neither the Act nor the Commission's local competition rules require them -- compensation payments for such traffic constitutes a new interstate expense.¹⁰

The Commission has a long history of adopting cost recovery mechanisms that are reflective of cost causation -- i.e., that recover costs from the cost causer in a manner in which the costs are incurred.¹¹ In this case, pure adherence to the principle of recovering costs in a cost

⁹ *Id.* at ¶¶24, 27.

¹⁰ Ameritech did not agree to compensation for such traffic in its previously-executed §252 interconnection agreements. Indeed, Ameritech has appealed state commission decisions to the contrary. In any event, for the purpose of this waiver request, it is irrelevant whether a state commission found that Ameritech agreed to such payments or otherwise ordered such payments to be made. To the extent that the Commission allows these payments to continue -- or until a court or a state commission finds that these payments are not owed -- the portion of these payments attributable to interstate ISP-bound traffic should be treated as an interstate expense.

¹¹ For example, in 1996, the Commission approved Ameritech's request to establish separate rate elements to recover the cost of SS7 signaling unbundled from switched access service because it reflected more accurately the manner in which the costs are incurred. *In the Matter of Ameritech Operating Companies Petition for Waiver of Part 69*, Order, DA 96-446, 11 FCC Rcd. 3839 (released March 27, 1996). Changes of this type were the major focus of the Commission Access Reform Order, CC Docket No. 96-262, FCC 97-158, 12 FCC Rcd. 15982 (released May 16, 1997).

causative manner would dictate the creation of an interstate, per minute (assuming that inter-carrier compensation payments were also made on a per minute basis) charge assessed to end users who place these calls. It is those end users who "cause" these compensation payments. Recovering these costs in this manner would send the correct economic signals to the market so that consumption decisions will be "informed" by rates that are reflective of costs. However, Ameritech is mindful of the Commission's concerns about increasing the price of consumers' access to the Internet. Therefore, in this filing Ameritech is not requesting permission to establish such a rate element.

Any other mechanism of cost recovery, however, must be recognized for what it is: a subsidy to those end users who create these inter-carrier compensation costs by accessing the Internet through ISPs served by other LECs. In this filing, Ameritech takes no issue with the legitimacy of such a subsidy.¹² However, it suggests that, given Congress's emphasis on making subsidies explicit,¹³ the most appropriate way to treat the subsidy amounts in question is to include them with costs associated with Ameritech's federal USF contributions -- another recognized subsidy cost which is treated as an explicit subsidy for cost-recovery purposes.

The costs associated with Ameritech's USF contributions are currently spread among the price cap baskets in proportion to each basket's end-user revenue. In addition, they are further allocated to the service band categories within the trunking basket on the same basis. The allocation of USF-related costs on the basis of relative end-user revenues is appropriate since

¹² However, Ameritech would make the general observation that such subsidies are entirely inappropriate in a competitive telecommunications environment and inconsistent with the spirit of the 1996 Act.

¹³ See subsections 254(b)(5), (d), and (e) of the 1996 Act.

end-user revenues "cause" (determine) Ameritech's USF contribution amounts. Allocation of the cost of inter-carrier compensation payments for ISP-bound traffic on the same basis is appropriate because, again, it is end users who cause the cost by accessing the Internet through ISPs served by other LECs.

Moreover, allocation of USF-related costs in this manner mitigates the impact of cost recovery on individual consumers because the costs are recovered in part from special access, interexchange, primary interexchange carrier charge ("PICC"), and carrier common line ("CCL") rates. So also, the impact on individual consumers of Ameritech's recovery of the cost of interstate inter-carrier compensation payments would be similarly muted.

If this waiver is granted, Ameritech will treat \$141.8 million of its inter-carrier compensation payments as an interstate expense for the 1999-2000 tariff year. This estimate equals the totality of Ameritech's calendar 1998 net compensation payments for interstate ISP-bound traffic. This estimate is conservative because it does not make any allowance for growth -- either the growth of ISP-bound traffic or the growth in the amount of traffic handled by other LECs. Attached to this petition is an alternate TRP and supporting exhibits showing inclusion of the above amount as an interstate expense and allocating it among price cap baskets and bands in the same manner as Ameritech's USF contributions.

This petition demonstrates "good cause" for the Commission to grant Ameritech's request. Until such time as the Commission establishes its rules governing these payments, the waiver will permit Ameritech a reasonable mechanism to recover these new interstate costs in a manner that does not directly increase the price of individual consumers' access to the Internet.

In light of the foregoing, Ameritech respectfully requests that the Commission grant it an interim waiver to allocate inter-carrier compensation costs associated with interstate ISP-bound calls to price cap baskets and bands in the same manner as USF contribution costs are allocated -- until such time as the Commission establishes specific rules governing such compensation payments. In addition, Ameritech respectfully requests that the Commission grant this request expeditiously so that it may make the appropriate adjustments in connection with its June 16, 1999, annual access tariff filing.

Respectfully submitted,


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Dated: April 2, 1999
[MSP0210.doc]

AMERITECH
TARIFF F.C.C. NO. 2
ACCESS SERVICE

1999 TARIFF REVIEW PLAN FILING

EXHIBITS
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EXHIBITS

7. COMMON LINE EXOGENOUS COSTS BY STATE
8. PCI DEVELOPMENT BY STATE
9. TRP
10. ISP RECIPROCAL COMPENSATION

Ameritech
Common Line Exogenous Cost
By State

| | Illinois | Indiana | Michigan | Ohio | Wisconsin | Ameritech |
|---|---------------------|------------------|---------------------|---------------------|--------------------|----------------------|
| Sale / Purchase of Exchanges | (\$1,299,790) | \$0 | \$0 | \$0 | (\$1,459,084) | (\$2,758,874) |
| Regulatory Fees | \$37,661 | \$14,557 | \$34,952 | \$26,895 | \$13,227 | \$127,292 |
| Excess Deferred Taxes | \$29,379 | (\$33,298) | \$61,933 | \$40,702 | \$79,977 | \$178,692 |
| Telecommunications Relay Service | \$21,476 | \$8,301 | \$19,931 | \$15,336 | \$7,543 | \$72,587 |
| Investment Tax Credit | \$229,179 | \$36,263 | \$94,558 | \$149,812 | \$104,952 | \$614,765 |
| ISP Recip Comp | \$50,080,049 | \$509,612 | \$44,807,417 | \$17,438,721 | \$955,201 | \$113,790,999 |
| | | | | | | |
| Totals | \$49,097,954 | \$535,434 | \$45,018,790 | \$17,671,466 | (\$298,184) | \$112,025,461 |

Ameritech
Common Line PCI Development
By State
Calculation of PCI Without 'g'

| Line | | Illinois | Indiana | Michigan | Ohio | Wisconsin |
|------|--|--------------|-------------|--------------|--------------|-------------|
| 600 | GDP-PI | 1.4109 | 1.4109 | 1.4109 | 1.4109 | 1.4109 |
| 610 | Productivity Factor (X) | 6.5000 | 6.5000 | 6.5000 | 6.5000 | 6.5000 |
| 620 | GDP-PI - X | -5.0891 | -5.0891 | -5.0891 | -5.0891 | -5.0891 |
| 630 | Growth In Min./Line (g) - See note | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 640 | Residual TIC \$ Available To Be Decreased (show as negative number) | N/A | N/A | N/A | N/A | N/A |
| 650 | TIC Non-Facilities Revenues at PCI(t-1) | N/A | N/A | N/A | N/A | N/A |
| 660 | TIC Total Revenues at PCI(t-1) | N/A | N/A | N/A | N/A | N/A |
| 670 | Common Line per Minute Revenues at PCI(t-1) | 0 | 13,701,278 | 26,968,091 | 27,231,338 | 5,277,259 |
| 680 | Existing PCI | 83,7398 | 82,2307 | 82,2417 | 83,8427 | 81,6050 |
| 690 | Y(t-1) | N/A | N/A | N/A | N/A | N/A |
| 700 | Delta Y | 0 | N/A | N/A | N/A | N/A |
| 710 | Delta Z | 49,097,954 | 535,434 | 45,018,790 | 17,671,466 | (298,184) |
| 720 | R(t-1) | 372,106,572 | 144,210,800 | 345,337,686 | 285,729,562 | 130,689,321 |
| 730 | Delta Y/R | N/A | N/A | N/A | N/A | N/A |
| 740 | Delta Z/R | 13,1946 | 0.3713 | 13,0362 | 6,6502 | -0.2282 |
| 750 | W | 113,1946 | 100,3713 | 113,0362 | 106,6502 | 99,7718 |
| 760 | W*(GDP-PI - X - (g/2)) / (1 + (g/2)) | -5.7606 | -5.1080 | -5.7525 | -5.4275 | -5.0775 |
| 770 | W*(GDP-PI - X - (g/2)) / (1 + (g/2)) (without g) | -5.7606 | -5.1080 | -5.7525 | -5.4275 | -5.0775 |
| | | | | | | |
| 850 | Calculations Assuming a Excluded from CL Basket | 79,4780 | 78,0459 | 78,0563 | 78,5759 | 77,4520 |
| 860 | Proposed PCI for Targeting (Non-Exog) | (18,936,876) | (7,339,032) | (17,574,580) | (13,523,243) | (8,850,910) |
| 870 | Initial Targeted Revenue Differential | 0 | 0 | 0 | 0 | 0 |
| 880 | Actual Targeted Revenue Differential | N/A | N/A | N/A | N/A | N/A |
| 890 | Targeted Revenue Differential | N/A | N/A | N/A | N/A | N/A |
| 900 | Allocated and Targeted TIC Exogenous Costs Exog \$ Used in Targeting Calculations | N/A | N/A | N/A | N/A | N/A |
| 910 | Prop. PCI (Unused NonExog Only; Annual Filing SBI Upper Limit calculations only) Proposed PCI (Exog+Unused NonExog (without g)) | 69,9648 | 78,3357 | 88,2319 | 84,8878 | 77,2753 |

NOTES:

- (1) Display indexes and factors as percent to four decimal places (e.g., display 100% as 100.000).
- (2) Display revenues as whole numbers.
- (3) Rows 650, 660, 670, 690, and 720 are computed by multiplying base period quantities by the corresponding rates at the last time the PCI was updated.
- (4) Row 630 (g factor) should be entered as zero if there are no per-minute CCL rates going into this filing.

Ameritech
Common Line PCI Development
By State
Calculation of PCI With 'g'

| Line# | Line# | Illinois | Indiana | Michigan | Ohio | Wisconsin |
|-------|--|--------------|-------------|--------------|--------------|-------------|
| 600 | GDP-PI | 1.4109 | 1.4109 | 1.4109 | 1.4109 | 1.4109 |
| 610 | Productivity Factor (X) | 6.5000 | 6.5000 | 6.5000 | 6.5000 | 6.5000 |
| 620 | GDP-PI - X | -5.0891 | -5.0891 | -5.0891 | -5.0891 | -5.0891 |
| 630 | Growth In Min Line (g) - See note | 0.0000 | -0.7513 | 0.5117 | 1.7823 | 3.9756 |
| 640 | Residual TIC \$ Available To Be Decreased (show as negative number) | N/A | N/A | N/A | N/A | N/A |
| 650 | TIC Non-Facilities Revenues at PCI(t-1) | N/A | N/A | N/A | N/A | N/A |
| 660 | TIC Total Revenues at PCI(t-1) | N/A | N/A | N/A | N/A | N/A |
| 670 | Common Line per Minute Revenues at PCI(t-1) | 0 | 13,701,278 | 26,968,091 | 27,231,338 | 5,277,259 |
| 680 | Existing PCI | 83.7396 | 82.2307 | 82.2417 | 83.8427 | 81.6050 |
| 690 | Y(t-1) | N/A | N/A | N/A | N/A | N/A |
| 700 | Delta Y | N/A | N/A | N/A | N/A | N/A |
| 710 | Delta Z | 49,097,954 | 535,434 | 45,018,790 | 17,871,466 | (298,184) |
| 720 | R(t-1) | 372,106,572 | 144,210,800 | 345,337,688 | 265,729,562 | 130,689,321 |
| 730 | Delta Y/R | N/A | N/A | N/A | N/A | N/A |
| 740 | Delta Z/R | 13,1946 | 0.3713 | 13,0362 | 6,6502 | -0.2282 |
| 750 | W | 113,1946 | 100,3713 | 113,0362 | 106,6502 | 99,7718 |
| 760 | W*(GDP-PI - X) | -5.7606 | -5.1080 | -5.7525 | -5.4275 | -5.0775 |
| 770 | W*[GDP-PI - X - (g/2)] / [1 + (g/2)] | -5.7606 | -4.7488 | -6.0263 | -6.3216 | -6.9231 |
| 780 | Proposed PCI for Targeting (Non-Exog) | 79,4780 | 78,3402 | 77,8571 | 78,8730 | 75,9424 |
| 790 | Initial Targeted Revenue Differential | (18,936,876) | (7,290,000) | (17,639,894) | (13,751,533) | (8,748,532) |
| 800 | Actual Targeted Revenue Differential | 0 | 0 | 0 | 0 | 0 |
| 810 | Targeted Revenue Differential | N/A | N/A | N/A | N/A | N/A |
| 820 | Allocated Tinc & Targeted TIC EXG2 Exog | N/A | N/A | N/A | N/A | N/A |
| 830 | Prop. PCI (Unused NonExog Only/Annual Filing SBI Upper Limit calculations only) | N/A | N/A | N/A | N/A | N/A |
| 840 | Proposed PCI (Exog+Unused NonExog) (with g, where appropriate) | 90,5271 | 78,3792 | 88,7619 | 85,0785 | 77,2048 |

NOTES:

- (1) Display indexes and factors as percent to four decimal places (e.g., display 100% as 100.000).
- (2) Display revenues as whole numbers.
- (3) Rows 650, 660, 670, 690, and 720 are computed by multiplying base period quantities by the corresponding rates at the last time the PCI was updated.
- (4) Row 630 (g factor) should be entered as zero if there are no per-minute CCL rates going into this filing.

IND-1 Filing Date: 4/2/99
Filing Entity: AMTR
Transmittal Number: Letter Filing
1999 Short Form Filing (AMTR/IAV/WK3)
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| Price Cap Tariff Review Plan | | | | | | | | | |
|---------------------------------|-----------------|------------------------|------------------|------------------|------------------|------------------------|------------------|---------|----------|
| Indices | | Proposed | | | | | | | |
| 6/30/99 SBI (J) | 6/30/99 PCI (I) | EXISTING SBI LIMIT (H) | EXISTING SBI (G) | EXISTING API (F) | EXISTING PCI (E) | EXISTING SBI LIMIT (D) | EXISTING SBI (C) | API (B) | PCI (A) |
| Common Line Basket | | | | | | | | | |
| 1100 Total Common Line | | | | | | | | | |
| Traffic Sensitive Basket | | | | | | | | | |
| 110 Local Switching | June filing | N/A | N/A | N/A | N/A | 0.0000 | N/A | N/A | N/A |
| 120 Information | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | 64.3719 |
| 130 Database Access | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | 40.3544 |
| 140 800 DB VertSvcs Sub-Cat | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | 82.2776 |
| 150 Billing Name and Address | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | 97.7798 |
| 154 Local Switching Trunk Ports | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | 97.97324 |
| 158 STP Port Terminations | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | 89.784 |
| 160 Total Traffic Sensitive | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | 64.0611 |
| Trunking Basket | | | | | | | | | |
| 200 Interconnection Charge | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | 61.6004 |
| 210 Tandem Switched Transport | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | 61.5997 |
| 220 Density Zone 1 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 230 Density Zone 2 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 240 Density Zone 3 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 250 VoiceGradeWATS Met. Tigrph | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 260 Density Zone 1 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 270 Density Zone 2 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 280 Density Zone 3 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 290 Audio & Video | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 300 High Cap & DDS | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 310 DS-1 SUB-CAT | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 320 Spec Density Zone 1 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 330 Spec Density Zone 2 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 340 Spec Density Zone 3 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 350 DTT Density Zone 1 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 360 DTT Density Zone 2 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 370 DTT Density Zone 3 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 380 Comb Density Zone 1 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 390 Comb Density Zone 2 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 400 Comb Density Zone 3 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 3-3 SUB-CAT | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 410 Spec Density Zone 1 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 420 Spec Density Zone 2 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 430 Spec Density Zone 3 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 440 DTT Density Zone 1 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 450 DTT Density Zone 2 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 460 DTT Density Zone 3 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 470 Comb Density Zone 1 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 480 Comb Density Zone 2 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 490 Comb Density Zone 3 | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 510 Widdband | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 515 Signalling Interconnection | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | N/A |
| 520 Total Trunking | | N/A | N/A | N/A | N/A | June filing | N/A | N/A | 60.0353 |
| Interexchange Basket | | | | | | | | | |
| 600 Total Interexchange | | June filing | June filing | N/A | N/A | June filing | N/A | N/A | 83.7900 |
| Marketing Basket | | June filing | June filing | N/A | N/A | June filing | N/A | N/A | 101.2551 |
| 800 Total Marketing | | June filing | June filing | N/A | N/A | June filing | N/A | N/A | 101.0137 |

PCI-1
 Filing Date: 4/2/99
 AMTR
 Filing Entity:
 Transmittal Number: Letter Filing
 1999 Short-Form Filing (AMTRWAIV.WK3)
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Price Cap Tariff Review Plan
 PCI Development

| | COMMON LINE BASKET | TRAFFIC SENSITIVE BASKET | TRUNKING BASKET | INTER- EXCHANGE BASKET | MARKETING BASKET |
|---|--------------------------|--------------------------------|--------------------|------------------------------|---------------------|
| (A) | (B) | (C) | (D) | (E) | |
| 600 GDP-PI | 1.4109 | 1.4109 | 1.4109 | 1.4109 | 1.4109 |
| 610 Productivity Factor (X) | 6.5000 | 6.5000 | 6.5000 | 3.0000 | 6.5000 |
| 620 GDP-PI - X | -5.0891 | -5.0891 | -5.0891 | -1.5891 | -5.0891 |
| 630 Growth in Min./Line (g) - See note | 0.0000 | N/A | N/A | N/A | N/A |
| 640 Residual TIC \$ Available To Be Decreased (show as negative number) | N/A | N/A | 0 | N/A | N/A |
| | | | | | |
| 650 TIC Total Revenues at PCI(t-1) | N/A | N/A | N/A | N/A | N/A |
| 670 Common Line per Minute Revenues at PCI(t-1) | 73,177.966 | N/A | N/A | N/A | N/A |
| | | | | | |
| 680 Existing PCI | 0.0000 | 61,6004 | 60,0353 | 83,7900 | 101,2551 |
| 690 Y(t-1) | N/A | N/A | N/A | 8,412,478 | N/A |
| 700 Delta Y | N/A | (1,098,588) | 11,914,370 | June filing | N/A |
| 710 Delta Z | 112,025,461 | 397,777,068 | 833,136,820 | 7,927,487 | 9,554,579 |
| 720 R(t-1) | 1,253,073,941 | N/A | N/A | 65,969,585 | 118,934,994 |
| 730 Delta Y/R | 8,9045 | -0.2757 | 1,4301 | 12,0169 | N/A |
| 740 Delta Z/R | 0.0000 | 99,7243 | 101,4301 | 112,0169 | 8,0334 |
| 750 W | 0.0000 | -5.0751 | -5.1619 | -1.7801 | 108,0334 |
| 760 W*(GDP-PI - X) | 0.0000 | N/A | N/A | N/A | -5.4979 |
| 770 W*(GDP-PI - X - (g/2)) / [1 + (g/2)] | 0.0000 | N/A | N/A | N/A | N/A |
| | | | | | |
| Calculations Assuming g Included in CL Basket | | | | | |
| 780 Proposed PCI for Targeting (Non-Exog) | 0.0000 | 58,4655 | 56,9800 | N/A | 96,1021 |
| 790 Initial Targeted Revenue Differential | 0 | (20,243,273) | (42,399,166) | N/A | (8,052,721) |
| 800 Actual Targeted Revenue Differential | 0 | 0 | 0 | 0 | 0 |
| 810 Targeted Revenue Differential | N/A | N/A | 0 | N/A | N/A |
| | | | | | |
| 820 Allocated Tking & Targeted TIC EXG2 Exog | N/A | N/A | 0 | N/A | N/A |
| Exog \$ Used in Targeting Calculations | | | | | |
| 830 Prop. PCI (Unused NonExog Only: Annual Filing SBI Upper Limit calculations only) | N/A | 58,4655 | 56,9800 | N/A | N/A |
| 840 Proposed PCI (Exog+Unused NonExog) (with g, where appropriate) | 0.0000 | 58,3043 | 57,7949 | 92,5372 | 103,8225 |

NOTES:

- (1) Display indexes and factors as percent to four decimal places (e.g., display 100% as 100.000).
- (2) Display revenues as whole numbers.
- (3) Rows 650, 660, 670, 690, and 720 are computed by multiplying base period quantities by the corresponding rates at the last time the PCI was updated.
- (4) Row 630 (g factor) should be entered as zero if there are no per-minute CCL rates going into this filing.

| | COMMON LINE BASKET | TRAFFIC SENSITIVE BASKET | TRUNKING BASKET | INTER- EXCHANGE BASKET | MARKETING BASKET |
|--|--------------------------|--------------------------------|--------------------|------------------------------|---------------------|
| | (A) | (B) | (C) | (D) | (E) |
| Calculations Assuming g Excluded from CL Basket | | | | | |
| 850 Proposed PCI for Targeting (Non-Exog) | 0.0000 | 58.4655 | 56.9800 | N/A | 96.1021 |
| 860 Initial Targeted Revenue Differential | 0 | (20,243.273) | (42,359.166) | N/A | (6,052.721) |
| 870 Actual Targeted Revenue Differential | N/A | N/A | 0 | N/A | 0 |
| 880 Targeted Revenue Differential | N/A | N/A | 0 | N/A | N/A |
| 890 Allocated and Targeted TIC Exogenous Costs | | | | | |
| Exog \$ Used in Targeting Calculations | N/A | 58.4655 | 56.9800 | N/A | N/A |
| 900 Prop. PCI (Unused NonExog Only Annual Filing SBI Upper Limit calculations only) | N/A | 58.3043 | 57.7949 | 92.5372 | 103.8225 |
| 910 Proposed PCI (Exog+Unused NonExog) (without g) | 0.0000 | | | | |
| Actual Results | | | | | |
| 920 Proposed PCI for Targeting (Non-Exog) | June filing | June filing | June filing | N/A | June filing |
| 930 Initial Targeted Revenue Differential | June filing | June filing | June filing | N/A | June filing |
| 940 Actual Targeted Revenue Differential | N/A | N/A | June filing | N/A | N/A |
| 950 Targeted Revenue Differential | N/A | N/A | June filing | N/A | N/A |
| 960 Allocated and Targeted TIC Exogenous Costs | | | | | |
| Exog \$ Used in Targeting Calculations | N/A | N/A | June filing | N/A | N/A |
| 970 Prop. PCI (Unused NonExog Only Annual Filing SBI Upper Limit calculations only) | N/A | June filing | June filing | N/A | N/A |
| 980 Proposed PCI (Exog+Unused NonExog) | June filing | June filing | June filing | 92.5372 | June filing |

NOTES:

- (1) Display indexes and factors as percent to four decimal places (e.g., display 100% as 100.000).
- (2) Display revenues as whole numbers.
- (3) Rows 400 and 430 are computed by multiplying base period quantities by the corresponding rates at the last time the PCI was updated.
- (4) Row 630 (g factor) should be entered as zero if there are no per-minute CCL rates going into this filing.

Ptice Cap Tariff Review Plan
Exogenous Cost Changes

| SALE OF EXCHANGES | REGULATORY FEES | EXCESS DEFERRED TAXES | ITC AMORTIZ. | REMOVAL OF TRUEUP PRIOR SHARING / LOW END ADJUSTMENT | CURRENT LOW END ADJUSTMENT | TELECOMM. RELAY SERVICES | UNIVERSAL SERVICE FUND | (I) |
|---|-----------------|-----------------------|--------------|--|----------------------------|--------------------------|------------------------|-----|
| | | | | | | | | (H) |
| COMMON LINE Revenue Effect | | | | | | | | |
| 100 Depreciation Expense | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 110 Expense less Depreciation | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 120 Taxes less F.I.T. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 130 Net Return | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 140 F.I.T. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 150 Uncollectible Rev. & Other Adj. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 160 Revenue Effects | (2,758,874) | 127,292 | 178,692 | 614,765 | 0 | 0 | 72,587 | 0 |
| TRAFFIC SENSITIVE Revenue Effect | | | | | | | | |
| 300 Depreciation Expense | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 310 Expense less Depreciation | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 320 Taxes less F.I.T. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 330 Net Return | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 340 F.I.T. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 350 Uncollectible Rev. & Other Adj. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 360 Revenue Effects | (1,075,659) | (158,545) | 53,269 | 129,842 | 0 | 0 | (45,495) | 0 |
| TRUNKING Revenue Effect | | | | | | | | |
| 500 Depreciation Expense | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 510 Expense less Depreciation | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 520 Taxes less F.I.T. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 530 Net Return | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 540 F.I.T. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 550 Uncollectible Rev. & Other Adj. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 560 Revenue Effects | 825,093 | (160,477) | 169,041 | 401,984 | 0 | 0 | (36,089) | 0 |
| INTEREXCHANGE Revenue Effect | | | | | | | | |
| 700 Depreciation Expense | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 710 Expense less Depreciation | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 720 Taxes less F.I.T. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 730 Net Return | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 740 F.I.T. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 750 Uncollectible Rev. & Other Adj. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 760 Revenue Effects | (14,571) | 300 | 1,168 | 0 | 0 | 0 | (3,532) | 0 |
| MARKETING Revenue Effect | | | | | | | | |
| 1100 Depreciation Expense | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 1110 Expense less Depreciation | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 1120 Taxes less F.I.T. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 1130 Net Return | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 1140 F.I.T. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 1150 Uncollectible Rev. & Other Adj. | 0 | N/A | 0 | 0 | N/A | N/A | N/A | N/A |
| 1160 Revenue Effects | 0 | 122,786 | 0 | 0 | 0 | 0 | 44,952 | 0 |

NOTE (1) Total may not equal sum of changes due to interactive effects.
(2) Display whole numbers.

Price Cap Tariff Review Plan
 Exogenous Cost Changes

| DESCRIPTION: | Reg/NonReg | NANPA | ISP RECIP-COMP | OTHER (1) | OTHER (2) | OTHER (3) | OTHER (4) | OTHER (5) | OTHER (6) | OTHER (7) | OTHER (8) | OTHER (9) | TOTAL |
|---|--|-------|----------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| | (J) | (K) | (L) | (M) | (N) | (O) | (P) | (Q) | (R) | (S) | (T) | (U) | (S) |
| COMMON LINE Revenue Effect | | | | | | | | | | | | | |
| 100 Depreciation Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 110 Expenses less Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 120 Taxes less F.I.T. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 130 Net Return | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 140 F.I.T. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 150 Uncollectible Rev. & Other Adj. | 0 | 0 | 0 | 113,790,989 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 112,025,461 |
| 160 Revenue Effects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,098,588) |
| TRAFFIC SENSITIVE Revenue Effect | | | | | | | | | | | | | |
| 300 Depreciation Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 310 Expenses less Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 320 Taxes less F.I.T. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 330 Net Return | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 340 F.I.T. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 350 Uncollectible Rev. & Other Adj. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 360 Revenue Effects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TRUNKING Revenue Effect | | | | | | | | | | | | | |
| 500 Depreciation Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 510 Expenses less Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 520 Taxes less F.I.T. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 530 Net Return | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 540 F.I.T. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 550 Uncollectible Rev. & Other Adj. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 560 Revenue Effects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INTERCHANGE Revenue Effect | | | | | | | | | | | | | |
| 700 Depreciation Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 710 Expenses less Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 720 Taxes less F.I.T. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 730 Net Return | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 740 F.I.T. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 750 Uncollectible Rev. & Other Adj. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 760 Revenue Effects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MARKETING Revenue Effect | | | | | | | | | | | | | |
| 1100 Depreciation Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 1110 Expenses less Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 1120 Taxes less F.I.T. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 1130 Net Return | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 1140 F.I.T. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| 1150 Uncollectible Rev. & Other Adj. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1160 Revenue Effects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,554,579 |
| NOTE | (1) Total may not equal sum of changes due to interactive effects. | | | | | | | | | | | | |
| | (2) Display whole numbers. | | | | | | | | | | | | |

(1) Total may not equal sum of changes due to interactive effects.
 (2) Display whole numbers.

Net Exogenous Cost Shifts

| | |
|---|-------------|
| Common Line Basket | 112,025,461 |
| 100 Total Common Line | |
| Traffic Sensitive Basket | 0 |
| 110 Local Switching | 0 |
| 120 Information | 0 |
| 130 Database Access | 0 |
| 140 800 DB VertSvcs Sub-Cat | 0 |
| 150 Billing Name and Address | 0 |
| 154 Local Switching Trunk Ports | 0 |
| 158 STP Port Terminations | 0 |
| 159 TS Untargeted to Svc Bands | 0 |
| 160 Total Traffic Sensitive Trunking Basket | (1,098,588) |
| 200 Interconnection Charge | 0 |
| 210 Tandem Sw Tprt (undesignated) | 0 |
| 220 Density Zone 1 | 0 |
| 230 Density Zone 2 | 0 |
| 240 Density Zone 3 | 0 |
| 250 VGWATS,MT,TGH (undesignate | 1,344,860 |
| 260 Density Zone 1 | 0 |
| 270 Density Zone 2 | 0 |
| 280 Density Zone 3 | 0 |
| 290 Audio & Video | 622,788 |
| 300 High Cap & DDS (undesignated) | 2,437,085 |
| 310 DS-1 SUB-CAT (undesignated) | 0 |
| 320 Spec Density Zone 1 | 0 |
| 330 Spec Density Zone 2 | 0 |
| 340 Spec Density Zone 3 | 0 |
| 350 DTT Density Zone 1 | 0 |
| 360 DTT Density Zone 2 | 0 |
| 370 DTT Density Zone 3 | 0 |
| 380 Comb Density Zone 1 | 736,537 |
| 390 Comb Density Zone 2 | 879,944 |
| 400 Comb Density Zone 3 | 3,808,115 |
| 410 DS-3 SUB-CAT (undesignated) | 0 |
| 420 Spec Density Zone 1 | 0 |
| 430 Spec Density Zone 2 | 0 |
| 440 Spec Density Zone 3 | 0 |
| 450 DTT Density Zone 1 | 0 |
| 460 DTT Density Zone 2 | 0 |
| 470 DTT Density Zone 3 | 0 |
| 480 Comb Density Zone 1 | 338,374 |
| 490 Comb Density Zone 2 | 305,758 |
| 500 Comb Density Zone 3 | 440,358 |
| 510 Wideband | 0 |
| 515 Signalling Interconnection | 0 |
| 519 TK Undesignated to Svc Bands | 1,198,551 |
| 520 Total Trunking | 11,914,370 |
| Interexchange Basket | 7,927,487 |
| Total Interexchange Marketing Basket | 9,554,579 |
| 800 Total Marketing | |

Price Cap Tariff Review Plan
HISTORIC LINE COUNTS

| | Aggregate | State 1: Illinois | State 2: Indiana | State 3: Michigan |
|---|-------------|-------------------|------------------|-------------------|
| 100 Total Primary Res & SLB Lines | 136,677,483 | 42,521,354 | 15,386,876 | 35,272,871 |
| 110 Total NonPrim Res & BRI ISDN Lines | 20,916,702 | 7,990,598 | 1,700,993 | 5,388,111 |
| 120 Total MLB&PRI ISDN (include PRI * 5, & exclude Centrex) | 52,547,378 | 21,419,246 | 3,928,088 | 13,581,453 |
| 130 Total Business Centrex Lines in groups with 9 or more lines | 29,690,425 | 9,128,135 | 4,820,020 | 6,951,734 |
| 135 Total Business Centrex Lines in groups less than 9 lines | 1,516,497 | N/A | 386,130 | 11,267 |
| 137 Total Business Groups with less than 9 lines in the group | N/A | N/A | N/A | N/A |
| 140 Total Lifeline Lines | 2,814,956 | 286,734 | 135,488 | 1,388,941 |
| 150 Total Local Exchange Lines | 244,153,941 | 81,752,197 | 25,982,733 | 63,153,370 |
| 160 Total Special Access Surcharge Lines | 144,144 | 37,775 | 19,581 | 38,312 |
| Demand Inputs: | | | | |
| 100 Total Primary Res & SLB Lines | 29,285,654 | 14,230,728 | N/A | N/A |
| 110 Total NonPrim Res & BRI ISDN Lines | 3,497,356 | 2,339,644 | 0 | 0 |
| 120 Total MLB&PRI ISDN (include PRI * 5, & exclude Centrex) | 8,512,558 | 5,108,533 | 0 | 0 |
| 130 Total Business Centrex Lines in groups with 9 or more lines | 5,634,853 | 3,145,883 | 0 | 0 |
| 135 Total Business Centrex Lines in groups less than 9 lines | 382,205 | 156,635 | 0 | 0 |
| 137 Total Business Groups with less than 9 lines in the group | N/A | N/A | N/A | N/A |
| 140 Total Lifeline Lines | 609,708 | 384,084 | 0 | 0 |
| 150 Total Local Exchange Lines | 47,932,334 | 25,363,307 | 0 | 0 |
| 160 Total Special Access Surcharge Lines | 38,433 | 10,043 | 0 | 0 |
| Demand Inputs: | | | | |
| 100 Total Primary Res & SLB Lines | N/A | N/A | N/A | N/A |
| 110 Total NonPrim Res & BRI ISDN Lines | 0 | 0 | 0 | 0 |
| 120 Total MLB&PRI ISDN (include PRI * 5, & exclude Centrex) | 0 | 0 | 0 | 0 |
| 130 Total Business Centrex Lines in groups with 9 or more lines | 0 | 0 | 0 | 0 |
| 135 Total Business Centrex Lines in groups less than 9 lines | 0 | 0 | 0 | 0 |
| 137 Total Business Groups with less than 9 lines in the group | N/A | N/A | N/A | N/A |
| 140 Total Lifeline Lines | 0 | 0 | 0 | 0 |
| 150 Total Local Exchange Lines | 0 | 0 | 0 | 0 |
| 160 Total Special Access Surcharge Lines | 0 | 0 | 0 | 0 |
| Demand Inputs: | | | | |
| 100 Total Primary Res & SLB Lines | N/A | N/A | N/A | N/A |
| 110 Total NonPrim Res & BRI ISDN Lines | 0 | 0 | 0 | 0 |
| 120 Total MLB&PRI ISDN (include PRI * 5, & exclude Centrex) | 0 | 0 | 0 | 0 |
| 130 Total Business Centrex Lines in groups with 9 or more lines | 0 | 0 | 0 | 0 |
| 135 Total Business Centrex Lines in groups less than 9 lines | 0 | 0 | 0 | 0 |
| 137 Total Business Groups with less than 9 lines in the group | N/A | N/A | N/A | N/A |
| 140 Total Lifeline Lines | 0 | 0 | 0 | 0 |
| 150 Total Local Exchange Lines | 0 | 0 | 0 | 0 |
| 160 Total Special Access Surcharge Lines | 0 | 0 | 0 | 0 |

Ameritech
Exogenous Workpapers
ISP Reciprocal Compensation

| | Illinois | Indiana | Michigan | Ohio | Wisconsin | Ameritech |
|---|----------------------|-------------------|----------------------|----------------------|---------------------|-----------------------|
| ISP expense | \$ 71,710,375 | \$ 785,496 | \$ 53,094,610 | \$ 21,078,684 | \$ 1,244,672 | \$ 147,913,836 |
| Less intra-state (see page 2 of 2) | \$ 3,202,354 | \$ 17,292 | \$ 1,948,094 | \$ 885,163 | \$ 24,155 | \$ 6,077,057 |
| Equals ISP Inter-state expense | \$ 68,508,021 | \$ 768,205 | \$ 51,146,516 | \$ 20,193,521 | \$ 1,220,516 | \$ 141,836,780 |
| Common Line | \$ 50,080,049 | \$ 509,612 | \$ 44,807,417 | \$ 17,438,721 | \$ 955,201 | \$ 113,790,999 |
| Trunking | \$ 6,162,297 | \$ 72,012 | \$ 2,941,436 | \$ 1,376,794 | \$ 162,280 | \$ 10,714,818 |
| Marketing | \$ 4,475,629 | \$ 45,700 | \$ 3,397,663 | \$ 1,378,006 | \$ 89,842 | \$ 9,386,841 |
| IX | \$ 7,790,047 | \$ 140,881 | - | - | \$ 13,194 | \$ 7,944,122 |
| Total Interstate ISP expense | \$ 68,508,021 | \$ 768,205 | \$ 51,146,516 | \$ 20,193,521 | \$ 1,220,516 | \$ 141,836,780 |

| First 6 mos 1998 Interstate End User Revenues | | | | | | |
|--|----------------------|------------------|----------------------|-----|-----------------------|--|
| | (a) | % of Total | (b) | (c) | ISP Exogenous Cost | Trunking allocation of ISP Exogenous Cost |
| Voice Grade | \$ 5,332,096 | 12.5514% | \$ 1,344,860 | | | |
| Audio/Video | 2,469,215 | 5.8124% | \$ 622,788 | | | |
| DS1 /LT1 Zone 1 | 2,920,240 | 6.8740% | \$ 736,537 | | | |
| DS1 /LT1 Zone 2 | 3,488,801 | 8.2124% | \$ 879,944 | | | |
| DS1 /LT1 Zone 3 | 14,309,388 | 33.6834% | \$ 3,609,115 | | | |
| DS3 /LT3 Zone 1 | 1,341,569 | 3.1580% | \$ 338,374 | | | |
| DS3 /LT3 Zone 2 | 1,212,286 | 2.8536% | \$ 305,758 | | | |
| DS3 /LT3 Zone 3 | 1,745,938 | 4.1098% | \$ 440,358 | | | |
| Other High Cap | 9,662,576 | 22.7450% | \$ 2,437,085 | | | |
| Sum of Above | \$ 42,482,109 | 100.0000% | \$ 10,714,818 | | | |

Source: Tr1200 Exhibit 1

Ameritech
Exogenous Workpapers
ISP Reciprocal Compensation

Exhibit 10
page 2 of 2

| State | Total Reciprocal Compensation | Population | Population Percent of United States | Weighted Reciprocal Compensation |
|-----------|-------------------------------|------------|-------------------------------------|----------------------------------|
| Illinois | \$ 71,710,375 | 11,895,849 | 4.5% | \$ 3,202,354 |
| Indiana | \$ 785,496 | 5,864,108 | 2.2% | \$ 17,292 |
| Michigan | \$ 53,094,610 | 9,773,892 | 3.7% | \$ 1,948,094 |
| Ohio | \$ 21,078,684 | 11,186,331 | 4.2% | \$ 885,163 |
| Wisconsin | \$ 1,244,672 | 5,169,677 | 1.9% | \$ 24,155 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 147,913,836 | | | \$ 6,077,057 |

Note: This schedule summarizes the calculation of the intra-state reciprocal compensation and is based on a total United States population of 266,384,000.